

H1 2023

Hapag-Lloyd AG

Half-year financial report

1 January to
30 June 2023



SUMMARY OF HAPAG-LLOYD KEY FIGURES HALF-YEAR FINANCIAL REPORT H1 2023

		Q2 2023	Q2 2022	H1 2023	H1 2022	Change absolute
Key operating figures¹						
Total vessels		258	253	258	253	5
Aggregate capacity of vessels	TTEU	1,865	1,771	1,865	1,771	93
Aggregate container capacity	TTEU	2,876	3,030	2,876	3,030	-154
Freight rate (average for the period)	USD/TEU	1,533	2,935	1,761	2,855	-1,095
Transport volume	TTEU	2,965	3,024	5,807	6,012	-205
Revenue	million EUR	4,417	8,993	10,036	16,970	-6,934
EBITDA	million EUR	1,276	5,277	3,493	10,004	-6,511
EBIT	million EUR	808	4,801	2,555	9,068	-6,513
Group profit/loss	million EUR	1,005	4,483	2,898	8,654	-5,756
Earnings per share	EUR	5.71	25.48	16.46	49.19	-32.73
Cash flow from operating activities ²	million EUR	1,270	4,806	3,836	9,293	-5,457
Key return figures¹						
EBITDA margin (EBITDA/revenue)	%	28.9	58.7	34.8	58.9	-24.1 ppt
EBIT margin (EBIT/revenue)	%	18.3	53.4	25.5	53.4	-28.0 ppt
ROIC (Return on Invested Capital) ³	%	21	123.8	32.8	121	-88.2 ppt
Key balance sheet figures as at 30 June¹						
Balance sheet total	million EUR	28,984	38,687	28,984	38,687	-9,703
Equity	million EUR	19,046	27,911	19,046	27,911	-8,865
Equity ratio (equity/balance sheet total)	%	65.7	72.1	65.7	72.1	-6.4 ppt
Borrowed capital	million EUR	9,938	10,776	9,938	10,776	-838
Key financial figures as at 30 June¹						
Financial debt and lease liabilities	million EUR	5,060	5,437	5,060	5,437	-376
Cash and cash equivalents	million EUR	6,792	15,236	6,792	15,236	-8,445
Net liquidity	million EUR	3,551	12,587	3,551	12,587	-9,036

¹ The key operating figures and key return figures refer to the respective reporting period. The comparison of key balance sheet figures and key financial figures refers to the reporting date 31 December 2022.

² From the fourth quarter of the 2022 financial year, payments received for interest are not reported under cash inflow/outflow from operating activities, but under cash inflow/outflow from investing activities. The previous year's figures were adjusted accordingly.

³ In the first quarter of 2023, changes were made in the calculation of ROIC, the previous year's figures were adjusted accordingly. The changes are explained in the chapter "Important financial performance indicators".

For computational reasons, rounding differences may occur in some of the tables and charts of this half-year financial report.

This half-year financial report was published on 10 August 2023.

MAIN DEVELOPMENTS IN H1 2023

- The first half of 2023 was characterised by declining demand and significantly weaker freight rates for container transports.
- Hapag-Lloyd's transport volume in the first half of the 2023 financial year was 5.8 million TEU, 3.4% below the previous year at 6.0 million TEU.
- The average freight rate fell by 38.3% to USD 1,761/TEU (prior year period: USD 2,855/TEU) due to the normalisation of supply chains and weaker demand.
- Revenue decreased by 40.9% to EUR 10.0 billion in the first half of 2023 (prior year period: EUR 17.0 billion) in light of lower transport volumes and freight rates.
- Transport expenses decreased by 8.2% to EUR 5.9 billion (prior year period: EUR 6.4 billion), mainly due to a lower bunker consumption price and lower demurrage and detention expenses.
- Accordingly, EBITDA fell sharply by 65.1% to EUR 3.5 billion in the first half of 2023 (prior year period: EUR 10.0 billion). The EBITDA margin was 34.8% (prior year period: 58.9%).
- At EUR 2.6 billion, EBIT was also far below the previous year's figure of EUR 9.1 billion.
- Earnings per share fell to EUR 16.46, after EUR 49.19 in the prior year period.
- Free cash flow was again clearly positive at EUR 3.7 billion (prior year period: EUR 8.6 billion).
- Net liquidity decreased to EUR 3.6 billion as at 30 June 2023 (31 December 2022: EUR 12.6 billion) after distribution of a dividend of EUR 11.1 billion.
- With the acquisition of a 49% minority interest in the Italian Spinelli Group in January 2023 and a 40% interest in the Indian J M Baxi Ports & Logistics in April 2023, the Group further expanded its involvement in the terminal sector.
- Furthermore, the acquisition of SM SAAM's terminal business was completed on 1 August 2023, comprising ten terminals in six countries in North, Central and South America, as well as related logistics services in Chile.
- For the current 2023 financial year, the Executive Board of Hapag-Lloyd AG expects a gradual normalisation of the earnings trend. Group EBITDA is still expected to be in the range of EUR 4.0 to 6.0 billion (previous year: EUR 19.4 billion) and EBIT in the range of EUR 2.0 to 4.0 billion (previous year: EUR 17.5 billion).
- The forecast is subject to considerable uncertainty given the ongoing war in Ukraine and other geopolitical conflicts, as well as the impact of high inflation and high inventory levels.

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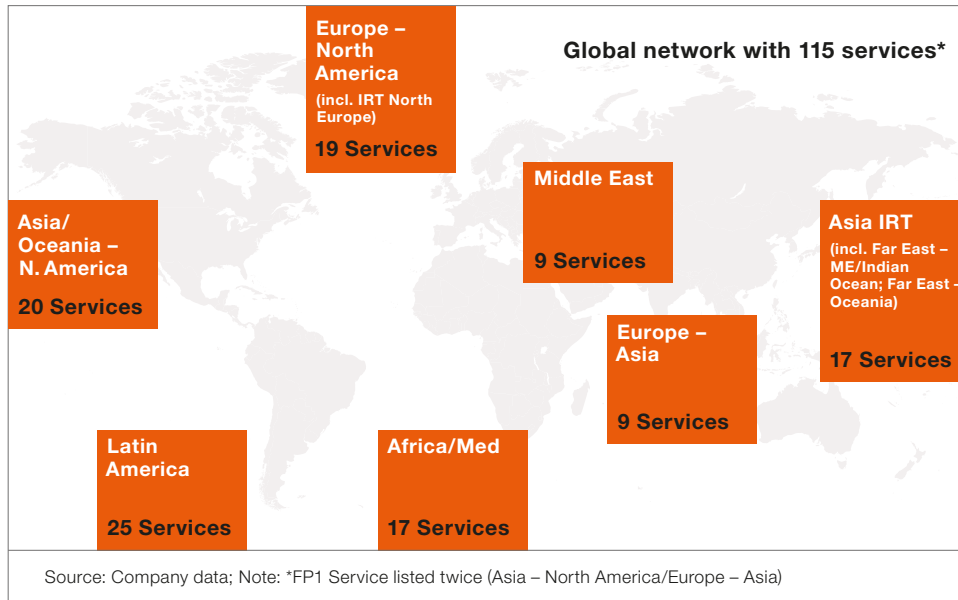
INTERIM GROUP MANAGEMENT REPORT

BUSINESS ACTIVITIES

The Hapag-Lloyd Group is Germany’s largest container liner shipping company and is one of the world’s leading container liner shipping companies in terms of global market coverage. The Group’s core business is the shipping of containers by sea, but also encompasses transport services from door to door. As part of Strategy 2023, the company is also continuously expanding its activities in the terminal sector.

As at 30 June 2023, Hapag-Lloyd’s fleet consisted of 258 container vessels (30 June 2022: 253) with a transport capacity of 1.9 million TEU (30 June 2022: 1.8 million TEU). The Group has 399 sales offices in 135 countries (30 June 2022: 408 sales offices in 137 countries) and offers its customers access to a network of 115 services (30 June 2022: 126 services) worldwide. In the first six months of 2023, Hapag-Lloyd served approximately 25,600 customers around the world (prior year period: approximately 27,400).

Network of Hapag-Lloyd services



Alliances are an essential part of the container shipping industry as they enable better utilisation of vessels and a more extensive range of services. There are currently three global alliances. Measured in terms of transport capacity, the largest alliance is the “2M Alliance” consisting of the two market leaders, MSC and Maersk. The “Ocean Alliance”, consisting of CMA CGM, COSCO,

including its subsidiary OOIL, and Evergreen, is the second largest alliance. Hapag-Lloyd operates “THE Alliance” together with ONE, HMM and Yang Ming. As at 30 June 2023, “THE Alliance” covered all East–West trades with 230 container vessels and 29 services (30 June 2022: 256 container vessels and 30 services). In January 2023, MSC and Maersk announced that the “2M Alliance” would end in January 2025.

Capacity share of alliances based on selected trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	39	24	49
Ocean Alliance	37	40	18
THE ALLIANCE	22	27	26
Other	3	10	7

Source: Alphaliner June 2023

Hapag-Lloyd conducts its container liner shipping business in an international business environment. Transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities and the corresponding financing of investments.

The Hapag-Lloyd Group’s functional currency is the US dollar. The reporting currency of the interim consolidated financial statements of Hapag-Lloyd AG is, however, the euro. Assets and liabilities recognised in the interim consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the balance sheet date (closing date rate) using the mean rate of that day. The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The currency translation differences are recognised directly in the Group’s other comprehensive income. If required, hedging transactions are conducted in the Hapag-Lloyd Group to hedge against the USD/EUR exchange rate.

Shareholder structure of Hapag-Lloyd AG

The shareholder structure of Hapag-Lloyd AG is dominated by its five major shareholders, which together hold around 96.4% of the Company’s share capital. These include Kühne Maritime GmbH together with Kühne Holding AG (Kühne), CSAV Germany Container Holding GmbH (CSAV), Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), and Qatar Holding Germany GmbH on behalf of the Qatar Investment Authority (QIA) and Public Investment Fund of the Kingdom of Saudi Arabia (PIF). In addition, CSAV, Kühne Maritime GmbH and HGV have agreed under a shareholders’ agreement to exercise their voting rights from the shares in Hapag-Lloyd AG by issuing a common voting proxy, thereby making important decisions together.

As at 30 June 2023, the shareholder structure of Hapag-Lloyd AG (unchanged from 31 December 2022) is as follows:

in %	30.6.2023
Kühne Holding AG and Kühne Maritime GmbH	30.0
CSAV Germany Container Holding GmbH	30.0
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	13.9
Qatar Holding Germany GmbH	12.3
Public Investment Fund of the Kingdom of Saudi Arabia	10.2
Free float	3.6
Total	100.0

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT). Transport volume and freight rates are important factors influencing the development of revenue and results. The development of the financial performance indicators in the first half-year 2023 is presented in the section "Group earnings position".

Hapag-Lloyd is aiming to be profitable throughout the entire economic cycle, i.e., to achieve a return on invested capital that is at least equal to the Company's weighted average cost of capital. For this reason, return on invested capital (ROIC) is used as an additional strategic performance indicator. ROIC compares net operating profit after tax (NOPAT), defined as EBIT less related taxes, with the average invested capital for the reporting period. Invested capital is defined as assets excluding cash, cash equivalents and interest-bearing assets less liabilities excluding financial debt and lease liabilities. Average invested capital is calculated as the mean of invested capital at the beginning and end of the reporting period. To facilitate comparison with other international shipping companies, the return on invested capital is calculated and presented exclusively on the basis of the functional currency, the US dollar.

In the first six months of 2023, Hapag-Lloyd generated an annualised return on invested capital (ROIC) of 32.8% (prior year period: 121.0%). The weighted average cost of capital at the balance sheet date 31 December 2022 was 9.1%.

Calculation of the ROIC is as follows:

Return on Invested Capital

	million EUR ¹		million USD ¹	
	H1 2023	H1 2022	H1 2023	H1 2022
Non-current assets	17,566.2	16,830.3	19,066.1	17,492.3
Inventory	399.5	577.1	433.6	599.8
Accounts receivables	1,952.8	3,945.2	2,119.5	4,100.5
Other current assets ²	454.1	436.0	492.9	453.2
Assets	20,372.6	21,788.5	22,112.1	22,645.7
Provisions	1,234.9	938.9	1,340.4	975.9
Accounts payable	2,639.3	2,633.5	2,864.6	2,737.2
Other liabilities	1,003.3	1,972.8	1,088.6	2,050.2
Liabilities	4,877.5	5,545.2	5,293.7	5,763.2
Invested Capital				
at end of period	15,495.2	16,243.3	16,818.4	16,882.5
at beginning of period	15,324.0	13,935.8	16,358.4	15,772.5
Average Invested Capital	15,409.6	15,089.6	16,588.4	16,327.5
EBIT	2,555.1	9,068.2	2,761.6	9,918.5
Income Taxes (EBIT related) ³	37.2	37.2	40.2	40.9
Net Operating Profit after Tax (NOPAT)	2,518.0	9,031.0	2,721.4	9,877.6
Return on Invested Capital (ROIC, annualised, in %)			32.8	121.0

¹ Figures as of the end of the respective period, unless otherwise stated. Prior year figures restated.

² Excluding interest-bearing assets (money market transactions, money market funds and special fund securities, which are reported under other financial assets)

³ Excluding taxes related to income from interest-bearing assets

From the first quarter 2023, only taxes related to EBIT are deducted in NOPAT (previously: all income taxes). Furthermore, average invested capital across the Group is used (previously: invested capital at balance sheet date). The changes should lead to greater consistency in the parameters underlying ROIC.

IMPORTANT NON-FINANCIAL PRINCIPLES

In addition to the financial performance indicators, the optimum utilisation of the available vessel and container capacities has a substantial influence on whether Hapag-Lloyd achieves long-term profitable growth. Sustainable and quality-conscious corporate governance and highly qualified and motivated employees are also important principles for Hapag-Lloyd's targeted profitable growth.

The following non-financial parameters are important for understanding Hapag-Lloyd as a container liner shipping company. However, they are not used by the Company as performance indicators. As part of Strategy 2023, further non-financial parameters, such as quantifiable quality targets in particular, are successively being implemented. The majority of the quality targets have already been published and the customer is provided with Hapag-Lloyd's performance in relation to these quality promises.

Flexible fleet and capacity development

As at 30 June 2023, Hapag-Lloyd's fleet comprised a total of 258 container vessels (30 June 2022: 253 vessels). All of the vessels are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are also certified as per ISO 9001 (quality management) and ISO 14001 (environmental management).

The TEU capacity of the entire Hapag-Lloyd fleet as at 30 June 2023 was 1,865 TTEU and is thus 5.3% higher than as at 30 June 2022 (1,771 TTEU). Based on the TEU capacities, 62% of the fleet was owned by the Group as at 30 June 2023 (30 June 2022: 61%). In the first half of the year, four newbuilds (two owned vessels and two on long-term charters) with a total capacity of 63,562 TEU were commissioned, including the Berlin Express, the first 23,660 TEU vessel with a high-pressure dual-fuel engine that can run on both LNG and conventional fuel.

As at 30 June 2023, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 11.2 years (30 June 2022: 11.0 years) and thus slightly above the average of the world's ten largest container liner shipping companies of 10.9 years (30 June 2022: 10.5 years). The average vessel size within the Hapag-Lloyd Group fleet is 7.2 TTEU (30 June 2022: 7.0 TTEU), which is approximately 10% above the comparable average figure for the ten largest container liner shipping companies worldwide of 6.5 TTEU (30 June 2022: 6.4 TTEU; source: MDS Transmodal) and around 63% above the average vessel size in the global fleet of 4.4 TTEU (30 June 2022: 4.4 TTEU; source: MDS Transmodal).

For the transport of cargo, Hapag-Lloyd has more than 1.7 million (30 June 2022: 1.8 million) owned or leased containers with a capacity of 2.9 million TEU (30 June 2022: 3.0 million TEU) as at 30 June 2023. The capacity-weighted proportion of owned containers as at 30 June 2023 was approximately 59% (30 June 2022: approximately 57%). In H1 2023, new container construction orders were placed for 18,200 reefers with a capacity of 36,400 TEU and 6,150 special purpose containers with a capacity of 11,250 TEU.

Hapag-Lloyd's service network comprised 115 services as at 30 June 2023 (30 June 2022: 126 services).

Structure of Hapag-Lloyd's container ship fleet

	30.6.2023	31.12.2022	30.6.2022
Number of vessels	258	251	253
thereof			
Own vessels ¹	124	121	119
Chartered vessels	134	130	134
Aggregate capacity of vessels (TTEU)	1,865	1,797	1,771
Aggregate container capacity (TTEU)	2,876	2,972	3,030
Number of services	115	119	126

¹ Including lease agreements with purchase option/obligation at maturity

In the first six months of 2023, bunker consumption totalled 1.98 million tonnes, down 6.6% year-on-year (prior year period: 2.12 million tonnes). Bunker consumption decreased due to lower transport volumes, the clearing of congestion in front of ports and lower vessel sailing speeds.

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and liquefied natural gas (LNG) bunkers decreased in the first six months of 2023 from 88% in H1 2022 to 83% in H1 2023 due to the fitting of more vessels with scrubbers. Bunker consumption per slot (measured by average container slot capacity, annualised) in the first six months of 2023 was down 10% year-on-year at 2.18 tonnes (H1 2022: 2.42 tonnes). The improvement was due to efficiency measures and lower bunker consumption. Bunker consumption per TEU transported decreased by 3%, from 0.35 tonnes per TEU in H1 2022 to 0.34 tonnes in H1 2023.

As at 30 June 2023, Hapag-Lloyd's order book comprised eleven newbuilds of 23,660 TEU and two newbuilds of 13,000 TEU each. The total capacity of the newbuilds is 286 TTEU. The delivery of the vessels is planned for the years 2023 to 2025.

In addition to the newbuilds owned by the company, Hapag-Lloyd will add two new vessels each of a size of 13,250 TEU to its fleet as long-term charters in 2023 and 2024.

Customers

Hapag-Lloyd's aim is to maintain a diversified customer portfolio consisting of direct customers and freight forwarders, with the latter ensuring a permanent regular supply of cargo volumes. Contractual relationships of up to 36 months generally exist with direct customers. Direct customers allow Hapag-Lloyd to plan the required transport capacity better because of the framework agreements concluded with them. Hapag-Lloyd has a balanced customer base, as demonstrated by the fact that its 50 largest customers represent considerably less than 50% of its cargo volume. In the first six months of the 2023 financial year, Hapag-Lloyd completed transport contracts for approximately 25,600 customers (H1 2022: approximately 27,400).

Employees

As at 30 June 2023, Hapag-Lloyd Group employed a total of 13,849 employees (30 June 2022: 14,321). Of this total, 12,429 were shore-based employees (30 June 2022: 12,240) and 1,222 were employed in the marine division (30 June 2022: 1,868). The number of shore-based employees rose by 189 persons. The increase is due to the expansion of the Global Service Center in India and the IT department. The reduction of 646 marine employees resulted from the transfer of the operation of some vessels and their crew to an external vessel management company. Hapag-Lloyd employed 198 apprentices as at 30 June 2023 (30 June 2022: 213).

Number of employees

	30.6.2023	31.12.2022	30.6.2022
Marine personnel	1,222	1,704	1,868
Shore-based personnel	12,429	12,316	12,240
Apprentices	198	228	213
Total	13,849	14,248	14,321

ECONOMIC REPORT

General economic conditions

The pace at which the global economy grows and, by extension, at which global trade develops is a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' transport volumes.

The global economy recorded robust development, particularly at the beginning of the year. However, leading indicators suggest that the economy weakened in the second quarter of 2023. Growth was driven by the services sector, which benefited from catch-up effects following the restrictions imposed by the COVID-19 pandemic, while the manufacturing sector developed weakly (IMF World Economic Outlook, July 2023). Supply chain disruptions continued to ease, while war-related dislocations in energy and food markets, triggered by Russia's war of aggression against Ukraine, receded. Nevertheless, inflation remains at a high level in many regions of the world. Most central banks therefore continued to tighten their monetary policy in the first half of 2023.

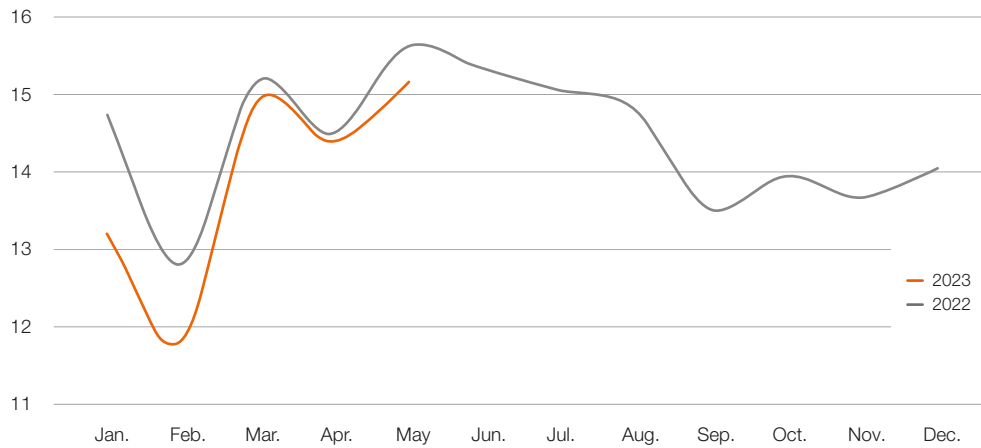
The economy of the People's Republic of China recorded growth of 5.5% in the first six months of 2023 compared to H1 2022. The growth driver was the services sector, which recorded an increase of 6.4% compared to the prior year period. Industrial production rose by 4.3%. While exports of goods increased by 3.7%, imports fell slightly by 0.1% compared to H1 2022 (General Administration of Customs People's Republic of China, July 2023). The main recipients of Chinese goods are the USA and Europe. The US economy grew by 2.6% in the second quarter of 2023 compared with Q2 2022. In the first quarter of 2023, the US economy had already grown by 1.8% compared with the previous year. Growth was driven by private consumption, investment and rising government spending. The decline in private investment had a dampening effect on economic growth. Exports in the first five months of 2023 increased by 1.7% compared to the same period in the previous year. Conversely, imports declined significantly by -5.6%, primarily due to high retail inventories and lower commodity prices (U.S. Department of Commerce, July 2023). The EU economy grew by 0.5% in Q2 2023 compared to Q2 2022. In the first quarter of 2023, the EU economy grew by 1.1% year-on-year. Exports of goods from the EU increased by 4.5% in the first five months of 2023 compared to the same period in the previous year. Export growth was driven in particular by higher exports of machinery and automobiles, while energy exports declined due to lower prices. Imports of goods, on the other hand, fell by 7.8%, mainly due to lower prices for energy and raw materials imports. While imports from the USA rose by 6.2%, imports from China fell significantly by 11.2% (Eurostat, July 2023).

Due to the dampened economic performance in the first half of 2023, the price of Brent crude oil was USD 74.90 per barrel on 30 June 2023, down 12.8% from USD 85.91 per barrel at the end of December 2022 and -34.8% compared to the price on 30 June 2022 of USD 114.81 per barrel (S&P Global Commodity Insights, Bloomberg).

Sector-specific conditions

After the abrupt decline in transport volumes in the second half of 2022, demand was also down significantly at the beginning of 2023. Global container transport volumes in January – May 2023 were 4.7% lower than the prior year period (CTS, July 2023). After Intra-Asia traffic, the largest trade in terms of volume from the Far East to North America recorded the sharpest decline with –20.5%. Other major trades, such as from Europe to North America, also showed significantly lower transport volumes compared to the prior year period. The Far East to Europe trade, on the other hand, was just above the prior year’s level at +0.4%. In contrast, the connections to and from India in particular recorded growth.

Monthly global container transport volumes (in million TEU)



Source: CTS, July 2023

The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rate rates on Shanghai’s major trade routes, continued its downward trend in the first six months of 2023. After trading at USD 1,108/TEU at the end of 2022, the index lost around 14% by the end of June 2023 and stood at USD 954/TEU. On 30 June 2022, the SCFI was still quoted at USD 4,216/TEU.

The proportion of idle vessels as at the end of June 2023 was only slightly higher than a year ago (30 June 2022: 0.2 million TEU; 0.8%, Alphaliner Weekly, July 2023), at 0.3 million TEU or 1.0% of the world fleet, despite weaker demand.

Based on figures from MDS Transmodal, a total of 143 container vessels with a transport capacity of approximately 1.1 million TEU were placed into service in the first six months of 2023 (prior year period: 69 vessels with a transport capacity of approximately 0.4 million TEU). According to Clarksons, only 38 small container vessels with a total of 56 TTEU were scrapped in the same period (prior year period: two vessels, 0.5 TTEU).

In the first half of 2023, orders were placed for the construction of 93 container vessels with a total transport capacity of 0.9 million TEU, significantly less than the 1.7 million TEU in the prior year period (Clarksons Research, July 2023). According to MDS Transmodal, the tonnage of container vessels on order rose to around 7.0 million TEU at the end of June 2023, compared with around 6.7 million TEU at the end of June 2022. Accordingly, the ratio of order backlog to current world container fleet capacity remained at a high level of 26.5%, but well below the peak of around 61% reached in 2007.

Low-sulphur bunker was quoted at USD 516/t as at 30 June 2023, almost unchanged from the 2022 year-end price of USD 514/t (MFO 0.5%, FOB Rotterdam), however significantly lower than on 30 June 2022 with USD 869/t.

GROUP EARNINGS, FINANCIAL AND NET ASSET POSITION

Group earnings position

The decline in demand for container transports, which had already begun in the second half of the 2022 financial year, continued in the first half of the 2023 financial year. By contrast, disruptions in global supply chains continued to weaken and energy and raw materials prices, which had initially risen as a result of the Russia-Ukraine war, are showing a downwards trend.

Compared to the first half of 2022, the decrease in average freight rate (in USD/TEU) by 38.3% in particular led to a decrease in revenue by 40.9%. Transport volumes also fell by 3.4% compared to the same period in the previous year. A lower average bunker consumption price (11.1%) positively counteracted these effects. In addition, the slightly stronger US dollar had a relieving effect on the operating result. The average USD/EUR exchange rate was USD 1.08/EUR in the first half of 2023, after USD 1.09/EUR in the corresponding prior year period.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 3,492.9 million in the reporting period (prior year period: EUR 10,003.5 million) and earnings before interest and taxes (EBIT) of EUR 2,555.1 million (prior year period: EUR 9,068.2 million). The Group profit came to EUR 2,898.4 million (prior year period: EUR 8,654.2 million).

Consolidated income statement

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue	4,417.1	8,993.4	10,036.2	16,970.0
Transport expenses	2,818.2	3,427.4	5,856.5	6,378.1
Personnel expenses	234.3	217.0	475.8	427.0
Depreciation, amortisation and impairment	467.3	475.8	937.8	935.3
Other operating result	-96.5	-133.5	-234.1	-234.5
Operating result	800.8	4,739.7	2,532.1	8,995.2
Share of profit of equity-accounted investees	5.3	57.5	20.8	69.0
Result from investments	2.2	4.0	2.2	4.0
Earnings before interest and tax (EBIT)	808.3	4,801.3	2,555.1	9,068.2
Interest result and other financial result	101.1	-37.0	252.8	-85.0
Other financial items	94.1	-260.6	152.3	-291.6
Income taxes	-1.8	20.8	61.9	37.4
Group profit/loss	1,005.2	4,482.9	2,898.4	8,654.2
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	1,003.0	4,479.0	2,893.4	8,646.1
thereof profit/loss attributable to non-controlling interests	2.3	3.9	5.0	8.1
Basic/diluted earnings per share (in EUR)	5.71	25.48	16.46	49.19
EBITDA	1,275.6	5,277.1	3,492.9	10,003.5
EBITDA margin (%)	28.9	58.7	34.8	58.9
EBIT	808.3	4,801.3	2,555.1	9,068.2
EBIT margin (%)	18.3	53.4	25.5	53.4

Transport volume per trade

TTEU	Q2 2023	Q2 2022	H1 2023	H1 2022
Atlantic	511	563	1,038	1,052
Transpacific	433	430	853	861
Far East	573	573	1,055	1,174
Middle East	356	388	725	802
Intra-Asia	188	154	350	311
Latin America	726	751	1,437	1,486
Africa	178	166	348	326
Total	2,965	3,024	5,807	6,012

The transport volume in the first half of the 2023 financial year was slightly below the prior year period (-3.4%) at 5,807 TTEU (same period in prior year: 6,012 TTEU).

The increase in transport volumes in the Intra-Asia trade is mainly due to the normalisation of the global supply chain situation. The increase in transport volumes in the Africa trade is mainly due to higher European demand for export goods from the African market, as well as higher import volumes from the Far East.

In the Far East and Middle East trades in particular, a decline in demand for container transport, which was mainly due to inflation in Europe, led to a drop in transport volumes.

Freight rates per trade

USD/TEU	Q2 2023	Q2 2022	H1 2023	H1 2022
Atlantic	1,997	2,893	2,328	2,682
Transpacific	1,714	4,001	1,941	3,894
Far East	1,321	3,242	1,568	3,254
Middle East	1,010	2,357	1,137	2,197
Intra-Asia	800	1,939	891	1,998
Latin America	1,700	2,710	1,913	2,663
Africa	1,574	2,559	1,760	2,545
Total (weighted average)	1,533	2,935	1,761	2,855

In the first half of the 2023 financial year, the average freight rate was USD 1,761/TEU, down USD 1,095/TEU or 38.3% below the value of the same period of the previous year (USD 2,855/TEU).

The lower average freight rate is mainly due to a decline in demand for container transport and a simultaneous normalisation of existing transport capacities due to easing disruptions in global supply chains.

Revenue per trade

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Atlantic	934.9	1,517.4	2,235.2	2,579.6
Transpacific	680.7	1,609.9	1,532.6	3,066.9
Far East	694.1	1,744.1	1,530.8	3,491.8
Middle East	329.0	856.4	763.0	1,610.3
Intra-Asia	137.8	280.8	288.7	567.8
Latin America	1,132.1	1,904.9	2,542.5	3,618.2
Africa	256.5	398.3	567.2	758.6
Revenue not assigned to trades	252.0	681.6	576.2	1,276.8
Total	4,417.1	8,993.4	10,036.2	16,970.0

In the first half of the 2023 financial year, Hapag-Lloyd Group's turnover decreased by EUR –6,933.8 million to EUR 10,036.2 million (prior year period: EUR 16,970.0 million), a decrease of 40.9%. This was mainly due to a decrease in the average freight rate by 38.3% as well as a decrease in the transport volume by 3.4% compared to the prior year period. The strengthening of the US dollar against the euro in contrast caused revenue to increase. Adjusted for exchange rate movements, revenue would have fallen by approximately EUR 7.1 billion, or 41.6%.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as income from charter rents and compensation payments for shipping space. Revenues for demurrage and detention declined as disruptions in global supply chains eased. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Operating expenses

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Transport expenses	2,818.2	3,427.4	5,856.5	6,378.1
thereof				
Transport expenses for completed voyages	2,835.2	3,426.5	5,909.2	6,381.1
Bunker	519.5	786.0	1,141.9	1,367.4
Handling and haulage	1,353.7	1,678.4	2,851.9	3,173.5
Equipment and repositioning ¹	358.5	375.5	749.3	717.3
Vessels and voyages (excluding bunker) ¹	603.5	586.5	1,166.1	1,122.9
Transport expenses for pending voyages ²	-17.0	0.9	-52.8	-3.1
Personnel expenses	234.3	217.0	475.8	427.0
Depreciation, amortisation and impairments	467.3	475.8	937.8	935.3
Other operating result	-96.5	-133.5	-234.1	-234.5
Total operating expenses	3,616.3	4,253.7	7,504.1	7,974.9

¹ Including lease expenses for short-term leases

² The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous periods are presented in the current period as transport expenses for completed voyages.

Transport expenses fell by EUR 521.6 million to EUR 5,856.5 million in the first half of the 2023 financial year (prior year period: EUR 6,378.1 million). This corresponds to a decrease of 8.2%. Lower expenses for demurrage and detention for containers and a lower bunker consumption price compared to the same period in the previous year primarily contributed to the decrease in transport expenses. This trend was counteracted by the stronger US dollar against the euro, increased port and canal costs, as well as higher container and repositioning expenses compared to the same period in the previous year. Adjusted for exchange rate changes, transport expenses would have decreased by EUR 598.4 million or 9.3%.

In the first half of the 2023 financial year, the average bunker consumption price for Hapag-Lloyd was USD 625/t which is USD 78/t (11.1%) lower than the figure of USD 703/t for the prior year period. This led to a decrease in fuel expenses of EUR 225.5 million to EUR 1,141.9 million (prior year period: EUR 1,367.4 million).

Container handling expenses fell in the first half of the reporting year by EUR 321.3 million to EUR 2,851.9 million (prior year period: EUR 3,173.5 million). This decline is due in particular to lower demurrage and detention expenses for containers as a result of the steady normalisation of global supply chains.

Equipment and repositioning expenses increased year-on-year due to higher expenses for demurrage and detention for empty containers at port terminals and for repositioning them.

The increase in expenses for vessels and voyages (excluding fuel) mainly results from higher port and canal costs, and expenses for container slot charter costs on third-party vessels. The decrease in expenses for vessels on short-term charter, on the other hand, had a relieving effect.

Personnel expenses increased by EUR 48.8 million to EUR 475.8 million in the first half of the 2023 financial year (prior year period: EUR 427.0 million). The increase was mainly attributable to an adjustment in the bonus system and the rise in the number of shore-based employees due to the expansion of Service Centers in India. On the other hand, there was a reduction in the number of marine employees resulted from the outsourcing of employees to an external vessel management company.

In the first half of the 2023 financial year, depreciation and amortisation increased by EUR 2.4 million to EUR 937.8 million compared to the prior year period (EUR 935.3 million). The amortisation of right-of-use assets relating to leased assets (essentially vessels and containers) led to amortisation of EUR 520.6 million (prior year period: EUR 470.8 million).

The other operating result of EUR -234.1 million (prior year period: EUR -234.5 million) comprises the net balance of other operating income and expenses. Other operating expenses in the first half of the 2023 financial year came to a total of EUR 289.8 million (prior year period: expenses of EUR 281.7 million). This mainly included IT costs (EUR 131.0 million; prior year period: EUR 113.7 million), consultancy fees (EUR 48.7 million; prior year period EUR 32.3 million) and office and administrative expenses (EUR 21.7 million; prior year period: EUR 17.5 million).

Share of profit of equity-accounted investees

The lower share of profit of equity-accounted investees compared with the first half of 2022 resulted from the difference recognised as income between the initially recognised value of the shares of EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (CTW) and Rail Terminal Wilhelmshaven GmbH (RTW) and the lower cost of acquisition. Further notes to the share of profit of equity-accounted investees can be found in the section "Share of profit of equity-accounted investees" in the condensed notes to the interim consolidated financial statements.

Key earnings figures

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue	4,417.1	8,993.4	10,036.2	16,970.0
EBIT	808.3	4,801.3	2,555.1	9,068.2
EBITDA	1,275.6	5,277.1	3,492.9	10,003.5
EBIT margin (%)	18.3	53.4	25.5	53.4
EBITDA margin (%)	28.9	58.7	34.8	58.9
Basic earnings per share (in EUR)	5.71	25.48	16.46	49.19
Return on invested capital (ROIC) annualised (%) ¹	21.0	123.8	32.8	121.0

¹ The calculation of the return on invested capital is based on the functional currency USD. The previous year's figures were adjusted accordingly.

Interest result and other financial result

In the first half of the 2023 financial year, the interest result and other financial result amounted to EUR 253.3 million (prior year period: EUR –85.0 million). The increase in interest income and other financial income to EUR 382.4 million (prior year period: EUR 23.0 million) was mainly due to the significantly higher interest rate level, income from the significantly higher volume of money market transactions of EUR 109.1 million and interest income from financial instruments of the special fund “HLAG Performance Express“ of EUR 10.3 million, which did not exist in the same period of the previous year.

Other financial items

In the first half of the 2023 financial year, the result for the other financial items was EUR 152.3 million (prior year period: EUR –291.6 million). The main reason for this development were the realised gains (prior year period: losses) from the forward transactions in connection with the foreign currency hedging of the dividend distributions in euros of EUR 121.1 million (prior year period: EUR –264.2 million) for the financial years 2021 and 2022.

Group profit

In the first half of the 2023 financial year, a consolidated profit of EUR 2,898.4 million was achieved (prior year period: EUR 8,654.2 million).

Group financial position

Condensed statement of cash flows

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Cash flow from operating activities	1,269.8	4,805.7	3,836.2	9,293.3
Cash flow from investing activities ¹	–807.4	–287.0	–146.1	–652.6
Free cash flow	462.5	4,518.7	3,690.1	8,640.7
Cash flow from financing activities	–11,216.4	–6,888.0	–11,677.2	–7,288.0
Cash-effective changes in cash and cash equivalents	–10,754.0	–2,369.3	–7,987.1	1,352.7

¹ Since the fourth quarter of 2022 financial year, interest received is no longer reported under cash inflow/outflow from operating activities but under cash inflow/outflow from investing activities. The previous year's values were adjusted accordingly.

Cash flow from operating activities

In the first half of the 2023 financial year, Hapag-Lloyd generated an operating cash flow of EUR 3,836.2 million (prior year period: EUR 9,293.3 million). The lower cash flow from operating activities compared to the prior year period is due to the lower result in the current financial year.

Cash flow from investing activities

Cash outflows from investing activities totalled EUR 146.1 million in the first half of the 2023 financial year (prior year period: EUR 652.6 million). This includes cash outflows for share acquisitions of EUR 839.4 million (prior year period: EUR 115.2 million) and payments for investments, mainly for vessels, vessel equipment and for new containers, of EUR 681.3 million (prior year period: EUR 591.6 million). This was mainly offset by cash inflows from changes in cash and cash

equivalents for money market transactions and money market funds, as well as special fund securities of net EUR 926.3 million (prior year period: EUR 0.0 million) and interest received of EUR 378.7 million (prior year period: EUR 16.8 million).

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 11,677.2 million in the first half of the financial year (prior year period: EUR 7,288.0 million). The cash outflow essentially resulted from the dividend payment to the shareholders of Hapag-Lloyd AG of EUR 11,072.9 million (prior year period: EUR 6,151.6 million). The interest and redemption payments from lease liabilities in accordance with IFRS 16 totalled EUR 545.9 million (prior year period: EUR 544.6 million). In the first half of the financial year, EUR 296.6 million was paid for interest and redemption payments for vessel and container financing (prior year period: EUR 301.9 million). This was offset by cash inflows from loans taken out to finance vessels amounting to EUR 143.7 million (prior year period: EUR 0.0 million) and inflows essentially from hedging transactions for dividend payments of EUR 156.7 million (prior year period cash outflow: EUR 268.3 million).

Developments in cash and cash equivalents

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Cash and cash equivalents at beginning of period	17,689.4	11,637.3	15,236.1	7,723.4
Changes due to exchange rate fluctuations	-143.8	732.4	-457.4	924.3
Net changes	-10,754.0	-2,369.3	-7,987.1	1,352.7
Cash and cash equivalents at end of period	6,791.6	10,000.4	6,791.6	10,000.4

In total, there was a cash outflow of EUR 7,987.1 million in the first half of the 2023 financial year, so that, taking into account exchange rate-related effects of EUR -457.4 million, cash and cash equivalents of EUR 6,791.6 million were reported at the end of the reporting period on 30 June 2023 (30 June 2022: EUR 10,000.4 million). The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item "Cash and cash equivalents". In addition, there are unused credit facilities of EUR 668.0 million (30 June 2022: EUR 697.6 million) and special fund securities of EUR 1,819.7 million (30 June 2022: EUR 0.0 million), resulting in a total liquidity reserve of EUR 9,279.3 million (30 June 2022: EUR 10,698.0 million).

Financial solidity

million EUR	30.6.2023	31.12.2022
Financial debt and lease liabilities	5,060.4	5,436.8
Cash and cash equivalents	6,791.6	15,236.1
Money market transactions/money market funds as well as special fund securities (other financial assets)	1,819.7	2,787.8
Net liquidity¹	3,550.9	12,587.1
Unused credit lines	668.0	679.2
Equity ratio (%)	65.7	72.1

¹ Cash and cash equivalents plus money market transactions and money market funds as well as special fund securities (other financial assets) less financial debt and lease liabilities

As at 30 June 2023, the Group's net liquidity amounted to EUR 3,550.9 million. This represents a fall of EUR 9,036.2 million compared to net liquidity as at 31 December 2022. The decrease was mainly due to the dividend payment and was offset by a positive operating cash flow.

The equity ratio decreased by 6.4 percentage points, from 72.1% as at 31 December 2022 to 65.7%. Equity decreased by EUR 8,865.1 million compared to 31 December 2022 and amounted to EUR 19,046.0 million as at 30 June 2023. A detailed overview of the change in equity is provided in the consolidated statement of changes in equity in the interim consolidated financial statements.

Group net asset position

Changes in the asset structure

million EUR	30.6.2023	31.12.2022
Assets		
Non-current assets	17,566.2	16,894.7
of which fixed assets	17,453.1	16,746.1
Current assets	11,417.7	21,792.7
of which cash and cash equivalents	6,791.6	15,236.1
Total assets	28,983.9	38,687.3
Equity and liabilities		
Equity	19,046.0	27,911.1
Borrowed capital	9,937.9	10,776.2
of which non-current liabilities	4,118.7	4,379.3
of which current liabilities	5,819.2	6,397.0
of which financial debt and lease liabilities	5,060.4	5,436.8
of which non-current financial debt and lease liabilities	3,773.8	4,044.9
of which current financial debt and lease liabilities	1,286.6	1,392.0
Total equity and liabilities	28,983.9	38,687.3
Net liquidity	3,550.9	12,587.1
Equity ratio (%)	65.7	72.1

As at 30 June 2023, the Group's total assets amounted to EUR 28,983.9 million and were EUR 9,703.4 million lower than at year-end 2022. The change was mainly due to the decrease in cash and cash equivalents and the lower equity resulting from the dividend payment. The USD/EUR exchange rate was quoted at 1.09 as at 30 June 2023 (31 December 2022: 1.07).

Within non-current assets, the carrying amounts of fixed assets increased slightly by a total of EUR 707.0 million to EUR 17,453.1 million (31 December 2022: EUR 16,746.1 million), in particular due to the investments in the interests in Spinelli S.r.l. and J M Baxi Ports & Logistics Limited in the amount of EUR 839.1 million. Investments in vessels, vessel equipment and containers of EUR 721.8 million (prior year period: EUR 530.1 million), newly received and extended rights of use for lease assets in the amount of EUR 369.4 million (prior year period: EUR 550.6 million) also contributed to the increase. Exchange rate effects at as reporting date totalling

EUR 264.1 million and scheduled depreciation and amortization of EUR 938.0 million (prior year period: EUR 937.8 million) had an offsetting effect. This includes an amount of EUR 520.6 million (prior year period: EUR 470.8 million) for the amortisation of capitalised rights of use relating to lease assets.

The decrease in current other financial assets resulted mainly from the repayment of time deposits in the amount of EUR 2,787.8 million. This was offset by the subscription to the special fund "HLAG Performance Express" in April 2023. Hapag-Lloyd acquired USD 2,000.0 million of shares in the investment fund, which was concluded for an indefinite period. This corresponds to EUR 1,819.6 million as at the reporting date.

Cash and cash equivalents decreased to EUR 6,791.6 million compared to year-end 2022 (EUR 15,236.1 million) mainly due to the dividend payment for the 2022 financial year on 8 May 2023 in the amount of EUR 11,072.9 million. The positive operating cash flow counteracted this decline.

On the liabilities side, equity (including non-controlling interests) declined by EUR 8,865.1 million to EUR 19,046.0 million. Despite the Group profit of EUR 2,898.4 million (prior year period: EUR 8,654.2 million) recognised in the retained earnings, the dividend paid from the previous year's retained earnings in the amount of EUR 63.0 (prior year: EUR 35.0) per dividend-eligible individual share, i.e. a total of EUR 11,072.9 million, led to a decrease.

The Group's borrowed capital fell by EUR 838.3 million in comparison to the 2022 consolidated financial statements. This is mainly due to the decrease in financial debt and lease liabilities as a result of repayments totalling EUR 1,282.1 million (prior year period: EUR 763.6 million) as well as exchange rate effects as at reporting date of EUR 89.3 million (prior year period: increase of EUR 469.5 million). An increase in financial liabilities and lease liabilities associated with newly acquired or extended charter and leasing contracts of EUR 337.6 million (prior year period: EUR 542.7 million) counteracted this decline.

Furthermore, the significant reduction in contract liabilities by EUR 366.1 million (prior year period increase: EUR 170.2 million) to EUR 586.7 million, particularly as a result of continued lower freight rates for transport orders on pending voyages as at the reporting date, contributed to the decline in debt capital.

As at 30 June 2023, net liquidity, including cash and cash equivalents, money market transactions, money market funds and assets of the special funds included in the items of other financial assets, as well as financial liabilities and lease liabilities, amounted to EUR 3,550.9 million (31 December 2022: EUR 12,587.1 million).

For further information on significant changes in individual balance sheet items, please refer to the Notes to the consolidated statement of financial position, which can be found in the condensed interim consolidated financial statements.

Executive Board's statement on the business developments

In the first half of the 2023 financial year, the decline in demand for container transport that began in the second half of 2022 continued. This development and the simultaneous normalisation of global supply chains led to freed-up transport capacities and a decline in average freight rates. As a result, Hapag-Lloyd's positive Group result decreased year on year.

For the 2023 financial year, the Executive Board expects only a slow recovery in demand for container transport due to inflation, with a significant increase in the supply of container vessel capacity. This environment will increasingly put pressure on the balance between supply and demand, and significantly alter the economic conditions of the industry. For these reasons, the remainder of the 2023 financial year is considered challenging. Furthermore, the ongoing war in Ukraine and other geopolitical conflicts, as well as the impact of high inflation and high inventory levels, mean that there is considerable uncertainty regarding future business development.

OUTLOOK, RISK AND OPPORTUNITY REPORT

Outlook

General economic outlook

According to the International Monetary Fund (IMF), the global economy is likely to continue its growth at a slower pace in the current fiscal year 2023. According to the IMF's July forecast, a moderate increase of 3.0% is expected in 2023, following 3.5% in the previous year. Economic growth would thus be below the historical average of 3.8% in the period from 2000 to 2019. The increase in key interest rates by many central banks to combat inflation and Russia's war in Ukraine are dampening the pace of growth in many economies. Investment and industrial production have slowed sharply or contracted in industrialized nations, which in turn has hurt international trade and manufacturing in emerging markets. Leading indicators for demand and production in the manufacturing sector point to further weakness. World trade is therefore expected to grow by only 2.0% in 2023, compared with 5.2% in the prior year period (IMF World Economic Outlook, July 2023).

Developments in global economic growth (GDP) and world trade volume

in %	2024e	2023e	2022	2021	2020
Global economic growth	3.0	3.0	3.5	6.3	-2.8
Industrialised countries	1.4	1.5	2.7	5.4	-4.2
Developing and newly industrialised countries	4.1	4.0	4.0	6.8	-1.8
World trade volume (goods and services)	3.7	2.0	5.2	10.7	-7.8

Source: IMF World Economic Outlook, July 2023

Sector-specific outlook

After global container transport volumes declined by 4.1% in 2022, the consulting firm Accenture Cargo (formerly Seabury) now also expects a decline of 1.6% in transport volumes for 2023. In April, Accenture Cargo still forecast slight growth of 1.8%. The reason for the revised forecast is the weak development of industrial production and global trade in the second quarter of 2023, and the fact that no upturn in demand in the traditionally stronger second half of 2023 can currently be foreseen.

Development of container transport volume

	2024e	2023e	2022	2021	2020
Growth rate in %	3.5	-1.6	-4.1	7.1	-1.3

Sources: CTS (from July 2023 for 2020–2022), Accenture Cargo (from June 2023 for 2023, from December 2022 for 2024)

According to MDS Transmodal, the tonnage of container vessels on order rose to around 7.0 million TEU at the end of June 2023, compared with around 6.7 million TEU at the end of June 2022. Accordingly, the ratio of order backlog to current world container fleet capacity remained at a high level of 26.5%, but well below the peak of around 61% reached in 2007.

A significant increase in vessel deliveries is planned for 2023. Drewry expects the global available container vessel fleet to grow by 1.3 million TEU, or 5.1%, year-on-year after scrapping and postponement of deliveries.

Expected development of global container fleet capacity

million TEU	2024e	2023e	2022	2021	2020
Existing fleet (beginning of the year)	27.1	25.8	24.7	23.6	23.0
Planned deliveries	3.9	2.5	1.0	1.2	1.1
Expected scrappings	0.6	0.2	–	–	0.2
Postponed deliveries and other changes	1.6	1.0	-0.1	0.1	0.3
Net capacity growth	1.7	1.3	1.0	1.1	0.7
Net capacity growth (in %)	6.4	5.1	4.2	4.5	3.0

Source: Drewry Container Forecaster Q2 2023. Expected nominal capacity based on planned deliveries. Based on existing orders and current predictions for scrapping and postponed deliveries. Figures rounded.

Expected business development of Hapag-Lloyd

As expected, Hapag-Lloyd saw a decline in earnings in the first half-year 2023, primarily due to weaker demand for container transport and falling freight rates. At the same time, costs remained elevated, mainly as a result of inflation.

Against the background of the significant change in market conditions compared with the previous year, the Executive Board of Hapag-Lloyd AG expects a gradual normalisation of the earnings trend in the current 2023 financial year. Group EBITDA is still expected to be in the range of EUR 4.0 to 6.0 billion (previous year: EUR 19.4 billion) and EBIT in the range of EUR 2.0 to 4.0 billion (previous year: EUR 17.5 billion). In US dollars, this corresponds to an expected Group EBITDA in the range of USD 4.3 to 6.5 billion (previous year: USD 20.5 billion) and EBIT in the range of USD 2.1 to 4.3 billion (previous year: USD 18.5 billion).

The earnings expectation for the 2023 financial year is based in particular on the assumptions that transport volumes can be increased slightly, while the average freight rate is expected to fall significantly. The recovery of supply chains as well as the implementation of cost reduction measures should simultaneously lead to a decrease in transport expenses. The development in this direction should also be supported by a significantly lower bunker consumption price. However, higher expenses due to inflation are expected to weaken the cost recovery. The earnings forecast is based on the assumption of an average exchange rate of USD 1.09/EUR (2022 financial year: USD 1.05/EUR).

The earnings forecast does not take into account impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2023 financial year, which are currently not expected but cannot be ruled out.

	Actual 2022	Forecast 2023
Global economic growth (IMF, July 2023)	3.5%	3.0%
Global trade growth (IMF, July 2023)	5.2%	2.0%
Global container transport volume growth (CTS, July 2023; Accenture Cargo, June 2023)	-4.1%	-1.6%
Transport volume, Hapag-Lloyd	11.8 million TEU	Increasing slightly
Average freight rate, Hapag-Lloyd	USD 2,863/TEU	Decreasing clearly
Average bunker consumption prices, Hapag-Lloyd	USD 753/t	Decreasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 19.4 billion	EUR 4.0–6.0 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 17.5 billion	EUR 2.0–4.0 billion

In an industry environment dominated by volatile freight rates and stiff competition, business developments at Hapag-Lloyd are subject to risks and opportunities that could cause them to differ from the forecast. These and other risks and opportunities are described in detail in the risk and opportunity report in the combined management report of the 2022 annual report. Significant changes compared to this description are presented below in the risk and opportunity report of this half-year financial report. The occurrence of one or more of these risks could have a substantial negative impact on the industry and, by extension, on the business development of Hapag-Lloyd, which could also lead to impairments on goodwill, other intangible assets, and property, plant and equipment.

Risk and opportunity report

The significant opportunities and risks and an assessment of these are detailed in the 2022 annual report. The assessment of the risks and opportunities detailed for the 2023 financial year has changed as follows.

Against the backdrop of the Russia-Ukraine war and the uncertainty regarding its further development, including the scope of existing sanctions and embargoes and their direct impact on supply chains and industrial production, it is not possible to conclusively assess the potential consequences either in terms of extent or duration.

Considering the transport volumes already contracted and the available transport capacities for the rest of the financial year, the negative effects on the financial and earnings position due to a fluctuation in transport volumes are now classified as severe.

There is no change in the assessment from the first quarter of 2023 that due to the commodity price level already factored into the forecast as well as the procurement and consumption volumes expected for the remaining financial year, the negative effects of an increase in the bunker consumption price on the financial and earnings situation for this risk are classified as bearable, based on the forecast assumptions.

The key risks regarding to the expected performance of the Group's in the remaining months of the financial year are currently classified as follows in relation to the business development planned and presented in the "Outlook":

Risk	Probability of occurrence	Potential impact
Fluctuation in average freight rate	Medium	Critical
Fluctuation in transport volume	Medium	Severe
Impairment of goodwill and other intangible assets	Low	Critical
Information technology & security – cyberattack	Medium	Severe
Bunker consumption price fluctuation	Low	Bearable

At the time of reporting on the first half year of 2023, there were no risks threatening the continued existence of the Hapag-Lloyd Group.

NOTE ON SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The notes on relationships and transactions with related parties can be found in the section "Other notes to the condensed interim consolidated financial statements".

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

of Hapag-Lloyd AG for the period 1 January to 30 June 2023

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Revenue	4,417.1	8,993.4	10,036.2	16,970.0
Transport expenses	2,818.2	3,427.4	5,856.5	6,378.1
Personnel expenses	234.3	217.0	475.8	427.0
Depreciation, amortisation and impairment	467.3	475.8	937.8	935.3
Other operating result	-96.5	-133.5	-234.1	-234.5
Operating result	800.8	4,739.7	2,532.1	8,995.2
Share of profit of equity-accounted investees	5.3	57.5	20.8	69.0
Result from investments	2.2	4.0	2.2	4.0
Earnings before interest and taxes (EBIT)	808.3	4,801.3	2,555.1	9,068.2
Interest income and other finance income	153.5	17.4	364.6	23.0
Interest expenses and other finance expenses	52.4	54.4	111.8	108.0
Other financial items	94.1	-260.6	152.3	-291.6
Earnings before taxes	1,003.5	4,503.7	2,960.3	8,691.6
Income taxes	-1.8	20.8	61.9	37.4
Group profit/loss	1,005.2	4,482.9	2,898.4	8,654.2
thereof attributable to shareholders of Hapag-Lloyd AG	1,003.0	4,479.0	2,893.4	8,646.1
thereof attributable to non-controlling interests	2.3	3.9	5.0	8.1
Basic/diluted earnings per share (in EUR)	5.71	25.48	16.46	49.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
of Hapag-Lloyd AG for the period 1 January to 30 June 2023

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Group profit/loss	1,005.2	4,482.9	2,898.4	8,654.2
Items which will not be reclassified to profit and loss:				
Remeasurements from defined benefit plans after tax	-0.4	97.1	-5.1	136.0
Remeasurements from defined benefit plans before tax	-0.4	97.0	-5.1	135.7
Tax effect	-	0.2	-	0.2
Currency translation differences (no tax effect)	-134.2	1,359.0	-654.1	1,714.3
Items which may be reclassified to profit and loss:				
Cash flow hedges (no tax effect)	0.6	8.7	-7.9	30.6
Effective share of the changes in fair value	31.5	-15.7	35.0	-2.1
Reclassification to profit or loss	-30.9	23.2	-42.3	31.2
Currency translation differences	-	1.3	-0.6	1.5
Cost of hedging (no tax effect)	2.5	1.1	1.1	4.5
Changes in fair value	1.2	-	-1.3	2.4
Reclassification to profit or loss	1.4	0.9	2.4	1.8
Currency translation differences	-	0.2	-	0.3
Financial assets at fair value through other comprehensive income	-14.6	-	-14.6	-
Other comprehensive income after tax	-146.0	1,466.0	-680.6	1,885.4
Total comprehensive income	859.3	5,948.9	2,217.8	10,539.5
thereof attributable to shareholders of Hapag-Lloyd AG	856.9	5,944.1	2,213.1	10,530.3
thereof attributable to non-controlling interests	2.4	4.8	4.7	9.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
of Hapag-Lloyd AG as at 30 June 2023

Assets

million EUR	30.6.2023	31.12.2022
Goodwill	1,683.9	1,712.1
Other intangible assets	1,479.2	1,540.4
Property, plant and equipment	13,077.9	13,140.2
Investments in equity-accounted investees	1,212.2	353.4
Other financial assets	50.9	49.9
Other non-financial assets	21.7	22.7
Derivative financial instruments	0.5	37.3
Income tax receivables	6.0	5.7
Deferred tax assets	34.0	33.0
Non-current assets	17,566.2	16,894.7
Inventories	399.5	440.0
Trade accounts receivable	1,952.8	2,895.0
Other financial assets	2,055.5	3,067.1
Other non-financial assets	184.9	132.5
Derivative financial instruments	9.5	5.5
Income tax receivables	8.2	16.4
Cash and cash equivalents	6,791.6	15,236.1
Assets classified held for sale	15.7	–
Current assets	11,417.7	21,792.7
Total assets	28,983.9	38,687.3

Equity and liabilities

million EUR	30.6.2023	31.12.2022
Subscribed capital	175.8	175.8
Capital reserves	2,637.4	2,637.4
Retained earnings	15,267.9	23,447.3
Cumulative other equity	952.6	1,632.9
Equity attributable to shareholders of Hapag-Lloyd AG	19,033.6	27,893.4
Non-controlling interests	12.5	17.7
Equity	19,046.0	27,911.1
Provisions for pensions and similar obligations	220.6	212.5
Other provisions	81.6	80.9
Financial debt	2,211.4	2,319.4
Lease liabilities	1,562.4	1,725.4
Other non-financial liabilities	0.4	0.2
Derivative financial instruments	0.9	–
Deferred tax liabilities	41.4	40.8
Non-current liabilities	4,118.7	4,379.3
Provisions for pensions and similar obligations	10.7	10.5
Other provisions	922.0	964.6
Income tax liabilities	143.4	165.9
Financial debt	380.2	457.3
Lease liabilities	906.4	934.7
Trade accounts payable	2,639.3	2,615.7
Contract liabilities	586.7	952.9
Other financial liabilities	173.8	177.2
Other non-financial liabilities	47.8	81.2
Derivative financial instruments	8.9	37.0
Current liabilities	5,819.2	6,397.0
Total equity and liabilities	28,983.9	38,687.3

CONSOLIDATED STATEMENT OF CASH FLOWS
of Hapag-Lloyd AG for the period 1 January to 30 June 2023

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Group profit/loss	1,005.2	4,482.9	2,898.4	8,654.2
Income tax expenses (+)/income (-)	-1.8	20.8	61.9	37.4
Other financial items	-94.1	260.6	-152.3	291.6
Interest result	-101.1	37.0	-252.8	85.0
Depreciation, amortisation and impairment (+)/write-backs (-)	467.3	475.8	937.8	935.3
Profit (-)/loss (+) from disposals of non-current assets	-16.3	-18.1	-28.2	-30.1
Income (-)/expenses (+) from equity accounted investees and dividends from other investments	-7.5	-57.8	-23.1	-69.2
Other non-cash expenses (+)/income (-)	8.5	-36.7	4.6	-38.7
Increase (-)/decrease (+) in inventories	-11.5	-118.0	33.3	-197.8
Increase (-)/decrease (+) in receivables and other assets	298.1	-318.3	858.7	-653.7
Increase (+)/decrease (-) in provisions	-97.2	-99.2	-48.1	-19.3
Increase (+)/decrease (-) in liabilities (excl. financial debt)	-132.4	184.9	-380.4	315.3
Payments received from (+)/made for (-) income taxes	-47.5	-8.3	-73.5	-16.7
Cash inflow (+)/outflow (-) from operating activities	1,269.8	4,805.7	3,836.2	9,293.3
Payments received from disposals of property, plant and equipment and intangible assets	29.2	29.6	54.0	45.3
Payments received from dividends of equity accounted investees	15.0	-	15.0	-
Payments made for investments in property, plant and equipment and intangible assets	-462.6	-206.9	-681.3	-591.6
Payments made for investments in financial assets	-	-8.0	-	-8.0
Payments received for the redemption of issued loans	-	-	0.7	-
Net cash Inflow (+)/outflow (-) from acquisition	-	-166.0	5.3	-166.0
Payments received from the acquisition of shares of equity accounted investees	-	50.8	-	50.8
Payments made for the acquisition of shares of equity accounted investees	-579.2	-	-844.8	-
Change of financial assets and financial assets held for investment	16.6	-	926.3	-
Payments received for interest ¹	173.7	13.5	378.7	16.8
Cash inflow (+)/outflow (-) from investing activities	-807.4	-286.9	-146.1	-652.6

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Payments made for dividends	-11,083.4	-6,159.3	-11,083.4	-6,160.3
Payments received from raising financial debt	143.8	-0.1	143.8	0.1
Payments made for the redemption of financial debt	-168.5	-143.1	-290.2	-255.8
Payments made for the redemption of lease liabilities	-249.7	-268.7	-493.6	-507.8
Payments made for interest and fees	-58.7	-50.7	-110.5	-95.8
Payments received (+) and made (-) from hedges for financial debt and payments of dividends	200.0	-266.1	156.7	-268.3
Cash inflow (+)/outflow (-) from financing activities	-11,216.4	-6,888.0	-11,677.2	-7,288.0
Net change in cash and cash equivalents	-10,754.0	-2,369.3	-7,987.1	1,352.7
Cash and cash equivalents at beginning of period	17,689.4	11,637.3	15,236.1	7,723.4
Change in cash and cash equivalents due to exchange rate fluctuations	-143.8	732.4	-457.4	924.3
Net change in cash and cash equivalents	-10,754.0	-2,369.3	-7,987.1	1,352.7
Cash and cash equivalents at end of period	6,791.6	10,000.4	6,791.6	10,000.4

¹ Since the fourth quarter of the 2022 business year, interest received is no longer reported under cash inflow/outflow from operating activities, but under cash inflow/outflow from investing activities. The previous year's figures were adjusted accordingly.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
of Hapag-Lloyd AG for the period 1 January to 30 June 2023

	Equity attributable to shareholders		
million EUR	Subscribed capital	Capital reserves	Retained earnings
As at 1.1.2022	175.8	2,637.4	12,608.8
Total comprehensive income	-	-	8,646.1
thereof			
Group profit/loss	-	-	8,646.1
Other comprehensive income	-	-	-
Transactions with shareholders	-	-	-6,153.9
thereof			
Distribution to shareholders	-	-	-6,151.6
Distribution to non-controlling interests	-	-	-2.3
As at 30.6.2022	175.8	2,637.4	15,101.0
As at 1.1.2023	175.8	2,637.4	23,447.3
Total comprehensive income	-	-	2,893.4
thereof			
Group profit/loss	-	-	2,893.4
Other comprehensive income	-	-	-
Transactions with shareholders	-	-	-11,072.9
thereof			
Distribution to shareholders	-	-	-11,072.9
Distribution to non-controlling interests	-	-	-
As at 30.6.2023	175.8	2,637.4	15,267.9

of Hapag-Lloyd AG

Remeasurements from defined benefit plans	Reserve for cash flow hedges	Reserve for cost of hedging	Financial assets at fair value through other comprehensive income	Translation reserve	Reserve for put-options on non-controlling interests	Cumulative other equity	Total	Non-controlling interests	Total equity
-149.6	-0.1	0.6	-	876.7	-0.5	727.1	16,149.1	12.9	16,162.0
136.0	30.6	4.5	-	1,713.2	-	1,884.3	10,530.3	9.2	10,539.5
-	-	-	-	-	-	-	8,646.1	8.1	8,654.2
136.0	30.6	4.5	-	1,713.2	-	1,884.3	1,884.3	1.1	1,885.4
-	-	-	-	-	-	-	-6,153.9	-6.4	-6,160.3
-	-	-	-	-	-	-	-6,151.6	-	-6,151.6
-	-	-	-	-	-	-	-2.3	-6.4	-8.7
-13.6	30.5	5.1	-	2,589.9	-0.5	2,611.4	20,525.5	15.7	20,541.2
-33.8	39.0	1.5	-	1,626.3	-	1,632.9	27,893.4	17.7	27,911.1
-5.1	-7.9	1.1	-14.6	-653.8	-	-680.3	2,213.1	4.7	2,217.8
-	-	-	-	-	-	-	2,893.4	5.0	2,898.4
-5.1	-7.9	1.1	-14.6	-653.8	-	-680.3	-680.3	-0.3	-680.6
-	-	-	-	-	-	-	-11,072.9	-10.0	-11,082.9
-	-	-	-	-	-	-	-11,072.9	-	-11,072.9
-	-	-	-	-	-	-	-	-10.0	-10.0
-38.9	31.0	2.5	-14.6	972.4	-	952.6	19,033.6	12.5	19,046.0

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FUNDAMENTAL ACCOUNTING PRINCIPLES

General information

Hapag-Lloyd is an international group whose primary purpose is to provide ocean container liner shipping activities, logistical services and all other associated business operations and services.

Hapag-Lloyd Aktiengesellschaft (Hapag-Lloyd AG), domiciled in Hamburg at Ballindamm 25, Hamburg, Germany, is the parent company of the Hapag-Lloyd Group and a listed company in accordance with German law. The Company is registered in commercial register B of the District Court in Hamburg under the registration number HRB 97937. The Company's shares are traded on the Frankfurt and Hamburg Stock Exchanges.

The interim consolidated financial statements cover the period from 1 January to 30 June 2023 and are reported and published in euros (EUR). All amounts recognised for the financial year are reported in millions of euros (EUR million) unless otherwise stated. In individual cases, rounding differences may occur in the tables and charts included in these interim consolidated financial statements. Such differences arise for computational reasons.

On 1 August 2023, the Executive Board approved the condensed interim consolidated financial statements for publication.

Accounting principles

The interim consolidated financial statements of Hapag-Lloyd AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) laid out by the International Accounting Standards Board (IASB), including the interpretations of the IFRS Interpretations Committee (IFRIC), as they are to be applied in the European Union (EU). These interim financial statements as at 30 June 2023 have been prepared in accordance with the provisions of IAS 34. They are presented in condensed form. These condensed interim consolidated financial statements and the interim group management report of Hapag-Lloyd AG have neither been reviewed nor audited in accordance with section 317 HGB.

The standards and interpretations applicable in the EU since 1 January 2023 have been applied in the preparation of the interim consolidated financial statements. The standards to be applied for the first time in the 2023 financial year have no significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group. With regard to the possible effects of standards and interpretations that have already been adopted but will only become mandatory in future, we refer to the explanations in the notes to the consolidated financial statements as at 31 December 2022. The interim consolidated financial statements as at 30 June 2023 should be read in conjunction with the audited and published consolidated financial statements as at 31 December 2022.

The interim consolidated financial statements have been prepared using the same accounting policies as the consolidated financial statements as at 31 December 2022. Estimates and discretionary decisions are basically used in the same way as in the previous year. The actual values may differ from the estimated values.

The functional currency of Hapag-Lloyd AG and all main subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG, on the other hand, is the euro. For reporting purposes, the assets and liabilities of the Hapag-Lloyd Group were translated into euros at the average rate at the balance sheet date (closing rate). The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

As at 30 June 2023, the USD/EUR closing rate was quoted at USD 1.08540/EUR (31 December 2022: USD 1.06750/EUR). For the first half of 2023, the average USD/EUR exchange rate was USD 1.08080/EUR (prior year period: USD 1.09380/EUR).

Group of consolidated companies

All significant subsidiaries and at-equity investments are included in the interim consolidated financial statements. As at 30 June 2023, the group of consolidated companies comprised 116 fully consolidated companies (31 December 2022: 112) and 11 companies consolidated using the at-equity method (31 December 2022: nine) besides Hapag-Lloyd AG.

As a result of the investment in Spinelli S.r.l., Genoa, one fully consolidated and one at-equity consolidated company have been added to the group of consolidated companies. The investment in J M Baxi Ports & Logistics Limited, Mumbai, has brought another at-equity consolidated company into the group, and six new companies have been set up that will be fully consolidated in the future.

Three immaterial companies were liquidated in the first quarter of 2023.

Investments in equity-accounted investees

On 12 January 2023, Hapag-Lloyd AG indirectly acquired 49% of the shares in Spinelli S.r.l., based in Genoa, Italy. Spinelli S.r.l., together with its affiliates as the Spinelli Group (Spinelli), operates in the container logistics business, offering integrated services along the entire logistics value chain, including terminal services, transport services, warehousing, depots for customs clearance and container repair and sales, among others for the Hapag-Lloyd Group. The shares are accounted for as investments in an associate using the equity method and are initially recognised at cost including directly attributable incidental costs totalling EUR 264.8 million.

On 19 April 2023, Hapag-Lloyd AG indirectly acquired 40% of the shares in J M Baxi Ports & Logistics Limited, Mumbai, India. J M Baxi Ports & Logistics, together with its associated companies within the J M Baxi Group, operates a number of container terminals and a multi-purpose terminal, as well as inland container depots and container freight stations. It is also engaged in various other logistics-related activities, such as providing rail-based services across India. The investment in J M Baxi will allow Hapag-Lloyd to strengthen its position in the strategic growth market of India. The shares are accounted for as an investment in a joint venture using the equity method and are initially recognised at cost. The acquisition costs are provisional as at 30 June 2023 and amount to EUR 574.3 million. The acquisition costs comprise expenses directly attributable to the acquisition and were settled in cash.

SEGMENT REPORTING

The Hapag-Lloyd Group is managed by the Executive Board as a single, global business unit with one sphere of activity. The primary performance indicators are freight rates and transport volume by geographic region, as well as EBIT and EBITDA at the Group level.

The allocation of resources (use of vessels and containers) and the management of the sales market and key customers are done on the basis of the entire liner service network and deployment of all of the maritime assets. The Group generates its revenue solely through its activities as a container liner shipping company. This revenue comprises income from transporting and handling containers and from related services and commissions, all of which is generated globally. As the Hapag-Lloyd Group operates with the same product around the world throughout its entire liner service network, the Executive Board has decided that there is no appropriate measure with which assets, liabilities, EBIT and EBITDA, as the key performance indicators, can be allocated to different trades. All of the Group's assets, liabilities, income and expenses are thus only allocable to the container liner shipping segment. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

Disclosures at Group level

Transport volume per trade

TTEU	Q2 2023	Q2 2022	H1 2023	H1 2022
Atlantic	511	563	1,038	1,052
Transpacific	433	430	853	861
Far East	573	573	1,055	1,174
Middle East	356	388	725	802
Intra-Asia	188	154	350	311
Latin America	726	751	1,437	1,486
Africa	178	166	348	326
Total	2,965	3,024	5,807	6,012

Freight rates per trade

USD/TEU	Q2 2023	Q2 2022	H1 2023	H1 2022
Atlantic	1,997	2,893	2,328	2,682
Transpacific	1,714	4,001	1,941	3,894
Far East	1,321	3,242	1,568	3,254
Middle East	1,010	2,357	1,137	2,197
Intra-Asia	800	1,939	891	1,998
Latin America	1,700	2,710	1,913	2,663
Africa	1,574	2,559	1,760	2,545
Total (weighted average)	1,533	2,935	1,761	2,855

Revenue per trade

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Atlantic	934.9	1,517.4	2,235.2	2,579.6
Transpacific	680.7	1,609.9	1,532.6	3,066.9
Far East	694.1	1,744.1	1,530.8	3,491.8
Middle East	329.0	856.4	763.0	1,610.3
Intra-Asia	137.8	280.8	288.7	567.8
Latin America	1,132.1	1,904.9	2,542.5	3,618.2
Africa	256.5	398.3	567.2	758.6
Revenue not assigned to trades	252.0	681.6	576.2	1,276.8
Total	4,417.1	8,993.4	10,036.2	16,970.0

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as income from compensation payments for shipping space. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) are derived from consolidated operating earnings before interest and taxes (EBIT) as shown in the table below. Earnings before taxes (EBT) and the result from the companies of the segment included according to the at-equity method correspond to those of the Group.

million EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,275.6	5,277.1	3,492.9	10,003.5
Depreciation, amortisation and impairment	467.3	475.8	937.8	935.3
Earnings before interest and taxes (EBIT)	808.3	4,801.3	2,555.1	9,068.2
Earnings before taxes (EBT)	1,003.5	4,503.7	2,960.3	8,691.6
Share of profit of equity-accounted investees	5.3	57.5	20.8	69.0

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Detailed notes to the income statement are presented in the interim Group management report in the chapter "Group earnings position".

Earnings per share

	Q2 2023	Q2 2022	H1 2023	H1 2022
Profit/loss attributable to shareholders of Hapag-Lloyd AG in million EUR	1,003.0	4,479.0	2,893.4	8,646.1
Weighted average number of shares in millions	175.8	175.8	175.8	175.8
Basic earnings per share in EUR	5.71	25.48	16.46	49.19

Basic earnings per share is the quotient of the Group net result attributable to the shareholders of Hapag-Lloyd AG and the weighted average of the number of shares in circulation during the financial year.

There were no dilution effects in the first half of the 2023 financial year or in the corresponding period of the previous year.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

Goodwill and intangible assets decreased compared to 31 December 2022, mainly due to currency translation effects of EUR –53.4 million (prior year period: EUR 276.1 million) and scheduled amortisation of EUR 46.3 million (prior year period: EUR 44.6 million).

Property, plant and equipment

million EUR	30.6.2023	31.12.2022
Vessels	8,626.0	8,765.8
Container	3,274.8	3,254.9
Other equipment	287.2	295.0
Prepayments on account and assets under construction	889.8	824.4
Total	13,077.9	13,140.2

In the first half of the 2023 financial year, investments in vessels, vessel equipment and containers resulted in a net addition to property, plant and equipment of EUR 1,045.4 million. On the other hand, depreciation on property, plant and equipment and rights of use amounting to EUR 891.7 million, as well as exchange rate effects of EUR –216.0 million as of the reporting date, had the effect of reducing the carrying amount of property, plant and equipment. Overall, there was a reduction of EUR 62.3 million in property, plant and equipment.

Other financial assets

Other financial assets are composed primarily of the financial instruments of the special fund “HLAG Performance Express” subscribed in the first half of the year amounting to EUR 1,819.6 million. The fund was subscribed in April 2023 and concluded for an indefinite period. The fund is focused on fixed-income instruments (bonds, corporate bonds and government bonds) with the aim of establishing a structured, low-risk platform for investing surplus financial resources and creating a long-term liquidity reserve. Hapag-Lloyd is the sole shareholder in the investment fund, and there are no restrictions regarding redemption on a daily basis.

Cash and cash equivalents

million EUR	30.6.2023	31.12.2022
Cash on hand, cheques, demand deposits and overnights	502.1	647.5
Money market funds	1,720.0	4,764.2
Term deposits with up to 3-month-term	1,707.9	5,140.6
Reverse repo transactions	2,861.6	4,683.8
Total	6,791.6	15,236.1

The development of cash and cash equivalents is set out in the interim Group management report, and specifically in the section on the Group's financial position.

Assets classified held for sale

In the first half of 2023, three container vessels were designated as assets classified held for sale. The vessels, some of which are more than 25 years old, are being disposed of in order that they may be recycled under the EU Ship Recycling Regulation (1257/2013), which will contribute to the strategic optimisation of the fleet. Binding contracts for the disposal of the three vessels were concluded in the second quarter. The vessels will be handed over promptly during this financial year, and replaced by more efficient charter vessels.

As at 30 June 2023, the container vessels concerned are listed separately in the consolidated statement of financial position, and the carrying amounts have been written down from a total of EUR 17.9 million to the amount of EUR 15.7 million on the basis of the agreed purchase price.

Subscribed Capital

To ensure that the Company remains in a position to respond to future developments and to cover its financial requirements quickly and flexibly, a new Authorized Capital was resolved at the Annual General Meeting on 3 May 2023. Accordingly, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the capital stock of the Company on one or more occasions in the period up to May 2, 2028 by a total of up to EUR 6 million against cash and/or non-cash contributions by issuing up to six million new no-par value registered shares (Authorized Capital 2023). Shareholders are to be granted subscription rights. The Articles of Association have been amended accordingly.

Cumulative other equity

Cumulative other equity includes the defined benefit remeasurement reserve, the cash flow hedge reserve, the hedging cost reserve, the reserve for special fund instruments and the translation reserve.

The reserve for remeasurements from defined benefit pension plans (30 June 2023: EUR –38.9 million; 31 December 2022: EUR –33.8 million) contains gains and losses from the remeasurement of pension obligations and plan assets recognised cumulatively in other comprehensive income, among other things due to the change in actuarial and financial parameters in connection with the valuation of pension obligations and the associated fund assets. The effect from the re-valuation of pension obligations and plan assets recognised in other comprehensive income in the first half of 2023 increased the negative reserve by EUR –5.1 million (prior year period: reduction of EUR 136.0 million).

The translation reserve of EUR 972.4 million (31 December 2022: EUR 1,626.3 million) includes differences from currency translation. The differences from currency translation of EUR 654,1 million recognised in other comprehensive income in the first half of the 2023 financial year (prior year period: EUR 1,714.3 million) were due to the translation of the financial statements of Hapag-Lloyd AG and its subsidiaries into the reporting currency. Currency translation differences are recognised in the statement of comprehensive income under the items that are not reclassified and recognised through profit or loss, because the currency translation effects of subsidiaries with the same functional currency as the parent company cannot be recycled.

Financial instruments**Carrying amounts and fair values**

The carrying amounts and fair values of the financial instruments are presented in the table below.

million EUR	30.6.2023		31.12.2022	
	Carrying amount	Fair Value	Carrying amount	Fair value
Assets				
Trade accounts receivable	1,952.8	1,952.8	2,895.0	2,895.0
Other financial assets	2,106.4	2,105.9	3,116.9	3,116.2
Derivative financial instruments (FVTPL)	6.3	6.3	0.4	0.4
Embedded derivatives	0.5	0.5	0.4	0.4
Currency forward contracts and currency options	5.8	5.8	–	–
Derivative financial instruments (Hedge accounting) ¹	3.7	3.7	42.4	42.4
Currency forward contracts	2.5	2.5	2.1	2.1
Interest rate swaps	1.2	1.2	40.3	40.3
Cash and cash equivalents	6,791.6	6,791.6	15,236.1	15,236.1
Liabilities				
Financial debt	2,591.6	2,502.9	2,776.7	2,673.6
Liabilities from lease contracts	2,468.8	2,468.8	2,660.1	2,660.1
Trade accounts payable	2,639.3	2,639.3	2,615.7	2,615.7
Derivative financial instruments (FVTPL)	7.3	7.3	–	–
Currency forward contracts	7.3	7.3	–	–
Derivative financial instruments (Hedge accounting) ¹	2.5	2.5	37.0	37.0
Currency forward contracts	2.5	2.5	37.0	37.0
Other financial liabilities	173.8	173.8	177.2	177.2

¹ The market values of the non-designated forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.

The derivative financial instruments were measured at fair value. They serve to hedge currency risks and interest rate risks in the area of financing.

Other financial assets also include the financial instruments for the special fund subscribed in the first half of the year, with a market value of EUR 1,819.6 million. The fair value of the annuities is measured at EUR 1,810.3 million as recognised through other comprehensive income and at EUR 9.3 million as recognised through profit and loss, and they are part of level 1 of the fair-value hierarchy. In addition, other financial assets include further securities with a fair value of EUR 0.6 million (31 December 2022: EUR 0.6 million), which are to be allocated to level 1 of the fair value hierarchy because their prices are quoted on an active market. Other financial assets also include unlisted investments for which there are no quoted market prices in an active market.

As there is insufficient current information to determine the fair value, these investments belonging to level 3 of the fair value hierarchy are measured at acquisition cost of EUR 13.9 million (31 December 2022: EUR 14.2 million) as the best estimate of fair value.

Cash and cash equivalents include money market funds at fair value through profit or loss of EUR 1,720.0 million (31 December 2022: EUR 4,764.2 million), which are classified in level 1 of the fair value hierarchy.

The liabilities from the bond included in financial liabilities, which are to be allocated to level 1 of the fair value hierarchy due to the quotation on an active market, have a fair value of EUR 272.4 million (31 December 2022: EUR 263.7 million).

The stated fair values for the remaining financial liabilities and the derivative financial instruments are allocated to level 2 of the fair value hierarchy. This means that the valuation is based on valuation methods whose influencing factors are derived directly or indirectly from observable market data.

For all other financial instruments, the carrying amounts are generally a reasonable approximation of the fair values.

There were no transfers between level 1, level 2 and level 3 in the first half of the 2023 financial year.

As part of the IBOR reform, the previous reference interest rates (the interbank offered rates – IBOR) were replaced by alternative risk-free interest rates. The USD LIBOR terms relevant to Hapag-Lloyd (including 3M, 6M and 12M) were switched to the Secured Overnight Financing Rate (SOFR) as at 30 June 2023. As at 30 June 2023, the nominal volume of the variable financing affected by this change was USD 1,228.6 million. In the second quarter of 2023, Hapag-Lloyd Group fixed part of this variable-interest loan on the basis of the new SOFR reference interest rate. The associated cashflow hedges designed to mitigate the interest-rate risks arising from this variable-rate financing were dissolved when the reference rate changed. This ensured that no ineffectiveness arose from hedging relationships as a result of the switch. The remaining loans subject to the IBOR reform will be fixed against SOFR as scheduled in the second half of 2023. The associated cashflow hedges designed to mitigate interest-rate risks will expire when they reach their next respective fixing dates. As of 30 June 2023, the nominal volume of the financial instruments that remained in a hedging relationship for hedging interest rate risks was USD 199.5 million.

Financial debt and lease liabilities

The following tables contain the carrying amounts for the individual categories of financial debt and lease liabilities.

Financial debt and lease liabilities

million EUR	30.6.2023	31.12.2022
Financial debt	2,591.6	2,776.7
Liabilities to banks ¹	1,513.0	1,604.5
Bonds	301.0	300.9
Other financial debt	777.6	871.3
Lease liabilities	2,468.8	2,660.1
Total	5,060.4	5,436.8

¹ This includes liabilities which result from sale and leaseback transactions that are accounted for as loan financing in accordance with IFRS 16 in conjunction with IFRS 15 insofar as the liabilities are to banks or special purpose entities, which are established and financed by banks.

Financial debt and lease liabilities by currency

million EUR	30.6.2023	31.12.2022
Denoted in USD (excl. transaction costs)	4,574.6	4,949.3
Denoted in EUR (excl. transaction costs)	411.0	410.9
Denoted in other currencies (excl. transaction costs)	91.0	92.9
Interest liabilities	12.8	12.3
Transaction costs	-28.9	-28.6
Total	5,060.4	5,436.8

In the first half of 2023, a loan amounting to USD 138.9 million (EUR 128.6 million) associated with the delivery of the new-build vessel "Berlin Express" was paid off.

As at 30 June 2023, the Hapag-Lloyd Group had available credit lines totalling EUR 668,0 million (31 December 2022: EUR 679.2 million).

OTHER NOTES

Legal disputes

As at the reporting date, there were contingent liabilities from legal disputes not to be classified as probable in the amount of EUR 8.1 million (31 December 2022: EUR 8.3 million). Contingent liabilities from tax risks not to be classified as probable amounted to EUR 140,8 million as at the reporting date (31 December 2022: EUR 98.4 million). The main reasons for the increase are newly identified risks in Latin America as well as updated calculations of risk measures and currency translation effects for the Southern Europe region.

In addition, Management is continuously monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax. Due to existing uncertainties, no future effects on the Group can be estimated at present.

Other financial obligations

The Hapag-Lloyd Group's other financial obligations totalled EUR 1,344.4 million as at 30 June 2023 (31 December 2022: EUR 1,664.3 million) and comprised purchase obligations (nominal values)

- for investments in the construction and acquisition of 13 container vessels amounting to EUR 1,132.9 million (31 December 2022: EUR 1,436.8 million),
- for investments in the acquisition of new propellers, in capacity expansions of container vessels and in the renewal of the bulbous bow of container vessels amounting to EUR 78.6 million (31 December 2022: EUR 57.5 million),
- for investments in equipping the container fleet with real-time tracking amounting to EUR 49.7 million (31 December 2022: EUR 92.4 million),
- for investments in containers amounting to EUR 26.4 million (31 December 2022: EUR 0 million),
- for investments in exhaust gas cleaning systems (EGCS) on container vessels amounting to EUR 25.4 million (31 December 2022: EUR 39.5 million),
- for investments in the acquisition of a new office building amounting to EUR 20.5 million (31 December 2022: EUR 20.5 million),
- for investments in equipment for ballast water treatment on container vessels amounting to EUR 1.1 million (31 December 2022: EUR 4.0 million), and
- for further investments on container vessels totalling EUR 9.7 million (31 December 2022: EUR 13.6 million).

The future cash outflows from leases which Hapag-Lloyd has already entered into but which have not yet commenced and are therefore not yet recognised in the balance sheet, totalled EUR 1,687.8 million (31 December 2022: EUR 1,915.9 million).

Related party disclosures

Apart from the subsidiaries included in the interim consolidated financial statements, the Hapag-Lloyd Group had direct or indirect relationships with related parties in the course of its ordinary business activities. These supply and service relationships are transacted at market prices. Overall, there have been no significant changes in the scope of these supply and service relationships compared to 31 December 2022.

At the beginning of this year (and in consultation with an independent external expert) the Supervisory Board reviewed and adjusted the remuneration system for board members in accordance with the established procedure, taking account of business growth. The Annual General Meeting approved the adjusted remuneration system on 3 May 2023. The remuneration of the current board members has been updated to reflect the amended remuneration system with effect from 1 January 2023. With a view to ensuring that the long-term variable remuneration package remains attractive, the adjustments include amendments to the performance-related criteria and weighting of the LTIP. From now on, components focused on EBIT, return on invested capital (ROIC), EBITDA and ESG will each account for 25 per cent of the amounts allocated to board members.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 1 August 2023, Hapag-Lloyd AG acquired 100% of the shares and voting interests in the Chilean companies SAAM Ports S.A. and SAAM Logistics S.A. (together SAAM). The seller belong to the group of Chilean-based company Quiñenco S.A., which indirectly holds a 30% stake in Hapag-Lloyd via CSAV S.A. The parties to the contract are therefore related parties. The transaction includes SAAM's entire terminal business and associated logistics services. The terminal business comprises ten terminals in six countries in North, Central and South America with around 4,000 employees and a container throughput of more than 3.0 million TEU in 2022. The container logistics sector complements the terminal business at five locations in Chile with around 300 employees. The business combination of Hapag-Lloyd and SAAM will expand Hapag-Lloyd's strategic terminal interests and further strengthen its liner shipping business in Latin America. Investments in terminal infrastructure are an essential part of Hapag-Lloyd's strategic agenda.

Cash of around USD 1.0 billion was transferred as consideration for the acquisition of the shares. Due to the proximity of the acquisition date to the date of preparation of the interim financial statements, the information on the initial accounting for the business combination is incomplete. The identification and measurement of the assets acquired, liabilities assumed and non-controlling interests in the acquired companies, as well as the determination of goodwill to be recognised in particular due to expected synergies from joint activities of the acquired company, have not yet been completed, which is why no further disclosures can be made.

Hamburg, 1 August 2023

Hapag-Lloyd Aktiengesellschaft

Executive Board



Rolf Habben Jansen



Donya-Florence Amer



Mark Frese



Dr. Maximilian Rothkopf

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 297 (2) AND SECTION 315 (1) OF THE GERMAN COMMERCIAL CODE (HGB)

We confirm that, to the best of our knowledge and in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group and that the interim Group management report includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks that it faces in the remainder of the financial year.

Hamburg, 1 August 2023

Hapag-Lloyd Aktiengesellschaft
Executive Board



Rolf Habben Jansen



Donya-Florence Amer



Mark Frese



Dr. Maximilian Rothkopf

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